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QUESTION OF THE REALIZATION IN ALL COUNTRIES OF THE ECONOMIC, SOCIAL AND CULTURAL RIGHTS CONTAINED IN THE UNIVERSAL DECLARATION OF HUMAN RIGHTS AND IN THE INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS, AND STUDY OF SPECIAL PROBLEMS WHICH THE DEVELOPING COUNTRIES FACE IN THEIR EFFORTS TO ACHIEVE THESE HUMAN RIGHTS

Written statement submitted by Pax Romana, a non-governmental organization in special consultative status

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1296 (XLIV).

[26 March 1998]

GE.98-11636 (E)

1. The seventh summit of the Group of 15 (G-15), held in Kuala Lumpur between 3 and 5 November 1997, came closer than ever to articulating an organized sense of dissent against the worldwide consensus on globalization orchestrated by the IMF and the World Bank. The G-15 represents the broad range of interests articulated internationally by the Group of 77, in contrast to the grouping of industrialized countries (G-7).

2. Some speeches delivered by high-level diplomats at the meeting were cautious regarding the structural adjustment policies of the IMF and World Bank. Malaysia complained that it had for many years contributed to the achievement of the highest growth rates in the world, but it had all been brought to nought by currency speculation which set back "decades of sweat, toil and tears" in a matter of months. The need to put an end to the grey area of the rules of the game of currency traders in international financial regulations was commonly highlighted. It is essential to develop strategies to protect developing countries from the whims of the market and exchange rate fluctuations among the major currencies. Furthermore, in later deliberations, it was proposed that the G-15 establish a forum of Finance Minsters and Central Bank Governors to consider the questions arising from currency turbulence.

3. The outcome statement called upon the IMF and the World Bank to "study recent developments in currency markets with a view to appropriately regulating them, in order to make them more open and transparent". The above-mentioned working group of Finance Ministers and Central Bank Governors will draft a set of proposals for the IMF with a view to their being really implemented. This is the first time in history that developing countries are establishing structures for coordination and negotiation to protect their economies from the abuses of speculators.

4. A recent case is to be considered. Developed countries' Governments have had to come to the rescue of East Asian merchant and commercial banks by agreeing to finance the bail-out from the situation resulting from the latest financial turbulence. In order to achieve this objective, the G-7 national treasuries were obliged to take on large amounts of public debt. In other words, the beneficiaries of the bail-out are also the underwriters of the public debt operation required to finance their own bail-out. An absurd situation: G-7 Governments are financing their own indebtedness. The real beneficiaries of the East Asian crisis and the restructuring that will follow will be international investors; both the developed industrial economies and the developing economies face slower growth.

5. Another important question is the weakening of the welfare State all over the world. On 22 February 1998, the G-7 ministers requested a plan for reform of the labour markets and their rules. Nevertheless, the question is even more worrying in developing countries since the security of the poor and economically vulnerable are directly affected. That is the case of food distribution.

6. Food subsidies have come under attack in recent years from proponents of structural adjustment. Food subsidies are seen as being excessive and reducing them is viewed as a way of controlling the fiscal deficit. Food security has a high priority in most developing countries. It is self-evident

for Pax Romana that food policies should identify the most effective ways of providing food to those who need it and not to merely aim at cutting back Government expenditure.

7. Hunger and malnutrition are prevalent on a mass scale in several developing areas of the world, where deaths from starvation occur every day. Average cereal consumption per capita is low and has declined since the 1950s in some overcrowded areas and countries. With the introduction of structural adjustment strategies, the public food distribution systems are being redefined by introducing a distinction between below-poverty-line and above-poverty-line groups as well as by reducing the amount of monthly food allocations for the poor. The criteria of the new systems are hypothetical and their application unfairly excludes families from food distribution supplies because: (a) they are based upon the level of income, not upon the level of expenses of a familial group. A single medical emergency may push a whole family over into debt or hunger; and (b) the poverty line is far lower than before. The result is the weakening of the welfare State in one of the most essential aspects of life: the right to adequate food.

8. The World Trade Organization (WTO) has become since 1995, an international body with binding supranational powers and is outside all democratic or parliamentary control. When a State's request for membership is accepted, the WTO can declare national acts (regarding labour, health and environment) contrary to the free market and force the State to abolish them.

9. Moreover, the Organization for Economic Cooperation and Development (OECD) is hosting negotiations of one of the bases of the economy of the coming century: Multilateral Agreement on Investment, which is to be signed in 1998. In its draft form, the Agreement grants preference to investors rather than to Governments. A Government's adherence to article VIII of the IMF, which prescribes the freeing of capital flows in countries, is a first step on the path to loss of authority which seems to be continuing by means of the MAI.

10. Thus, Pax Romana entirely supports the appointment of a special rapporteur to encourage the promotion and protection of economic, social and cultural rights and, specifically, to study:

(a) The effects of international financial speculation on human rights standards;

(b) The process of weakening of the implementation of economic, social and cultural rights as a result of multilateral structural adjustment policies;

(c) The possible effects of the draft Multilateral Agreement on Investment and the resolutions of WTO on the enjoyments of those essential rights.

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